

## **RATES - URGENT MESSAGE FROM PCF'S EXECUTIVE DIRECTOR**

At the 9/2/2010 PCF Oversight Board meeting, based on the annual actuarial study, the Board voted to reduce rates effective January 1, 2011. Prior to the October Board meeting, there was a request made to the Board to reconsider the effective date of the rate reduction. The effective date of the rate change was re-visited during the PCF Oversight Board meeting held on October 6, 2010. In 2009, the actuary study revealed there was justification for a rate reduction; however, due to pressure from the Department of Insurance for the Board to address the unfunded liability, rates were raised in January 2010. Since there was an indication that rates could have been reduced in 2010, the Board agreed the rate relief should be afforded to the health care providers at the earliest possible date. It was felt the earliest date a rate change could be made effective was the date the Board voted on the changes, 9/2/10.

By a unanimous vote, the PCF Oversight Board made the rate reductions/changes previously effective 1/1/2011 will now be effective 9/2/10. This includes any changes in classifications and requirements. If the PCF surcharge payment has already been sent to the PCF for renewals that are effective on or after 9/2/10, refunds should be requested.

The Board also further clarified the surcharge requirements for hospital pharmacists and ambulance services. Those hospitals that do not allow discharged patients, employees or others to obtain prescription medicines from the hospital owned pharmacy will not be required to pay an additional surcharge for pharmacists that employed by the hospital. Any hospital that provides ambulance services, must pay a separate surcharge for that service based on the established PCF surcharge rates for EMTs. The Board allowed a grace period until 1/1/11 for hospitals and insurers to obtain and report this information.

Any questions regarding these changes should be addressed to me.

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**RATE CHANGES FOR JANUARY 2011**  
**LOUISIANA PATIENT'S COMPENSATION FUND**

On September 2, 2010, the Patient's Compensation Fund Oversight Board voted to implement rate decreases effective 1/1/11 for the majority of the health care provider classes.

For the last six years, the actuarial calculations and rate increases have included a 5% deficit reduction load to address the unfunded liability. Some rate increases included additional funds beyond the 5% to more aggressively reduce the unfunded liability. In the 2010 Legislative Session, the definition of the required minimum funding level was clarified so that it was in line with the original intent of the Act, that the PCF be a revolving fund. The unfunded liability is basically the amount of liabilities compared to the total assets. As of 12/31/09, the estimated amount of the unfunded liability was about \$150,000,000. Based on the minimal changes in liabilities and assets in June 2010, the estimated unfunded liability remains the same. The PCFOB determined the funding level is such that a decrease in rates is justified. This action should not impact the financial solvency or stability of the PCF as the rate changes still allow for about \$25,000,000 towards further reducing any unfunded liability.

Physicians overall decrease of 15.8%. Specific rate decreases are as follows:

Class 1A	18.6
Class 1	16.5
Class 2A	14.4
Class 2	16.5
Class 3	14.4
Class 4	14.4
Class 5	16.5
Class 6	16.5
Class 7	16.5
Class 8A	18.6
Class 8	16.5

CRNAs – decrease of 18.6%

Registered Nurse Practitioners & Midwives – decrease of 16.5%

Registered Nurse Physician Assistants & Surgical Assistants – decrease of 16.5%

Hospitals - decrease of 11.2%

Nursing Homes - decrease of 1.4% \*new definitions created

Assisted Living rates established.

Ambulance Services – decrease of 16.5% (calculation remains the same)

Dentists & Oral Surgeons – decrease of 16.5%

Dialysis Centers & Blood Centers– no change

Surgery Centers– no change

Other class (those that pay a percentage of the underlying premium) – no change

Chiropractors – new rates established

Optometrists – new rates established

Pharmacists – new rates established